

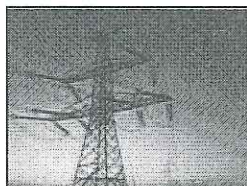


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Energy

How Energy Transfer Cut 2,918 Acres Within Weeks for Pipe



By Jonathan N. Crawford

Not even 3,000 acres of forest could stop Energy Transfer Partners LP from clearing the proposed route of its \$4.2 billion Rover natural gas pipeline before time ran out.

"Tree felling is complete and construction is actively underway along the route in all four states," Vicki Granado, a company spokeswoman, said by email on March 31. The task was completed just in time before environmental rules designed to protect bats and birds would have brought work on the 710-mile (1,142-kilometer) pipeline in the eastern U.S. to a standstill until October.

Analysts at Energy Aspects Ltd. previously warned of a "tight" 45-day window for the developer to complete the tree-clearing process. The prospect of pipeline delays—threatening to prolong the bottlenecks in delivering supplies out of the prolific shale basins of the Northeast—had spurred Bank of America Corp. to target 2018 gas prices of \$3.50 per million British thermal units earlier this year. Benchmark futures closed at \$3.19 on March 31.

"It's a huge win for Energy Transfer Partners," Ethan Bellamy, an analyst at Robert W. Baird & Co., said by phone. "I guarantee they had to do everything humanly possible to meet the deadline. This is like building the Great Pyramid."

The confirmation came after TransCanada Corp. won an extension to continue clearing trees for part of its \$1.4 billion Leach XPress gas line beyond the cutoff date. The U.S. restricts tree removal in the spring to avoid disrupting seasonal habitats for endangered bats and birds.

Extra work crews were drafted in to help Energy Transfer clear trees from 2,918 acres of land along 511 miles of the pipeline's route, Granado said. To date, more than 4,000 workers have been employed on the project. Energy Transfer estimates a total of 10,000 will have been used by the time it's done.

The pipeline is designed to connect the gas-producing region of Pennsylvania, Ohio and West Virginia to markets across the Midwest, Gulf Coast, and Canada. The first phase is scheduled to start in July.

Energy Transfer razed a historic house close to the route in Ohio in May without first notifying authorities. In February, the pipeline was approved a day before the departure of an energy regulator left the commission without enough members to approve major projects. However, Energy Transfer was denied a permit that would have allowed it to carry out some routine activities without having to first seek approval each time.

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Snapshot

- Rover to deliver about 3.25 bcf/day from Marcellus and Utica
- Company faced March 31 deadline to complete tree-clearing

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